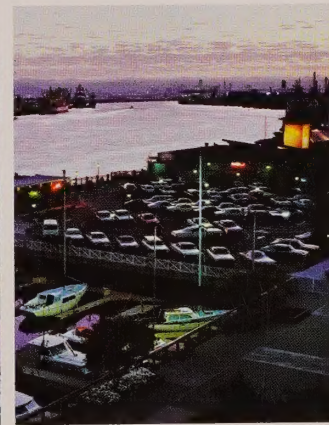
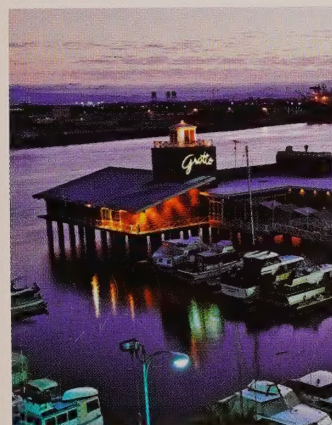
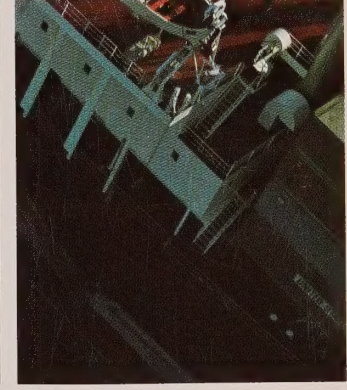
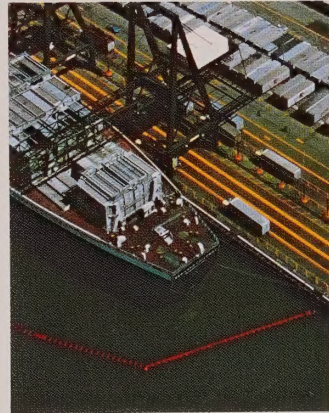
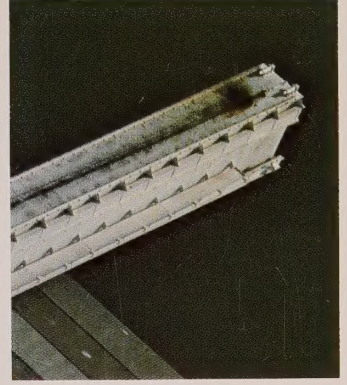
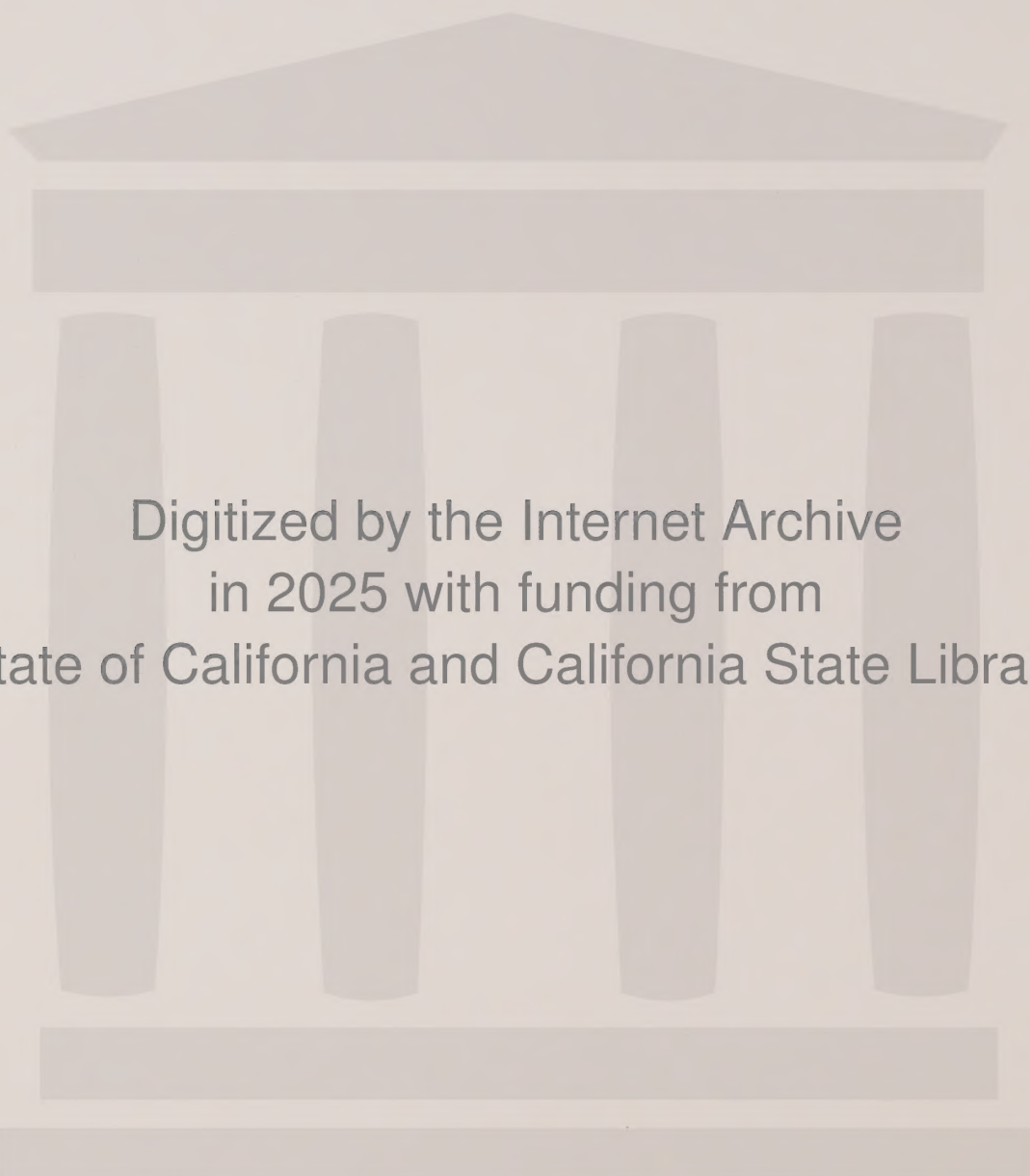


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Port of Oakland
1957 Refunding Revenue Bonds
Series N
\$17,420,000



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PORT OF OAKLAND

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SPECIAL SERVICES

Bond Counsel

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco*

Financing Consultants

Hornblower & Weeks-Hemphill, Noyes Incorporated,
San Francisco

Fiscal Agent

Bank of America NT & SA, *Oakland*

Paying Agents

The Chase Manhattan Bank N.A., *New York City*
Harris Trust and Savings Bank, *Chicago*

The information contained in this official statement was prepared under direction of the Board of Port Commissioners by Hornblower & Weeks-Hemphill, Noyes Incorporated, San Francisco, employed by the Board as financing consultants in connection with these bonds. All of the following summaries of the City Charter, Resolutions, and other documents are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is hereby made to such documents for further information.

The information contained in this official statement has been compiled from sources believed to be reliable. This official statement contains estimates and matters of opinion which are not intended as representations of fact. This official statement is not to be construed as a contract with the purchasers of the bonds.

THE DATE OF THIS OFFICIAL STATEMENT IS
FEBRUARY 2, 1977

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INTRODUCTION

The Port of Oakland is an independent agency of the City of Oakland, California, with jurisdiction over the Port Area. It is responsible for the operation of City-owned harbor and airport facilities and it has exclusive control of all Port revenues and of proceeds of all bond sales for harbor and airport improvements. The Board of Port Commissioners is empowered to issue revenue bonds for harbor and airport improvements under Oakland City Charter provisions approved by the voters.

The Port serves primarily the San Francisco-Oakland Metropolitan Area, one of the west coast's chief industrial areas and the principal distribution center for northern California and much

of the western United States. The nine counties of the San Francisco Bay Area had a population estimated at 4,895,000 in 1976, about 23% of the state total.

The Port of Oakland is one of the world's leading containership ports and the largest such on the Pacific Coast. Its growth in containerized cargo has been almost uninterrupted from 365,000 tons in 1965 to some 6,000,000 tons in 1976. Oakland now shares with Los Angeles, Long Beach, and Seattle the Pacific Coast leadership in general cargo tonnage.

The Port's gross revenues have risen in every year since 1961. For the fiscal year 1975/76, both gross and net operating revenues were again the highest on record.

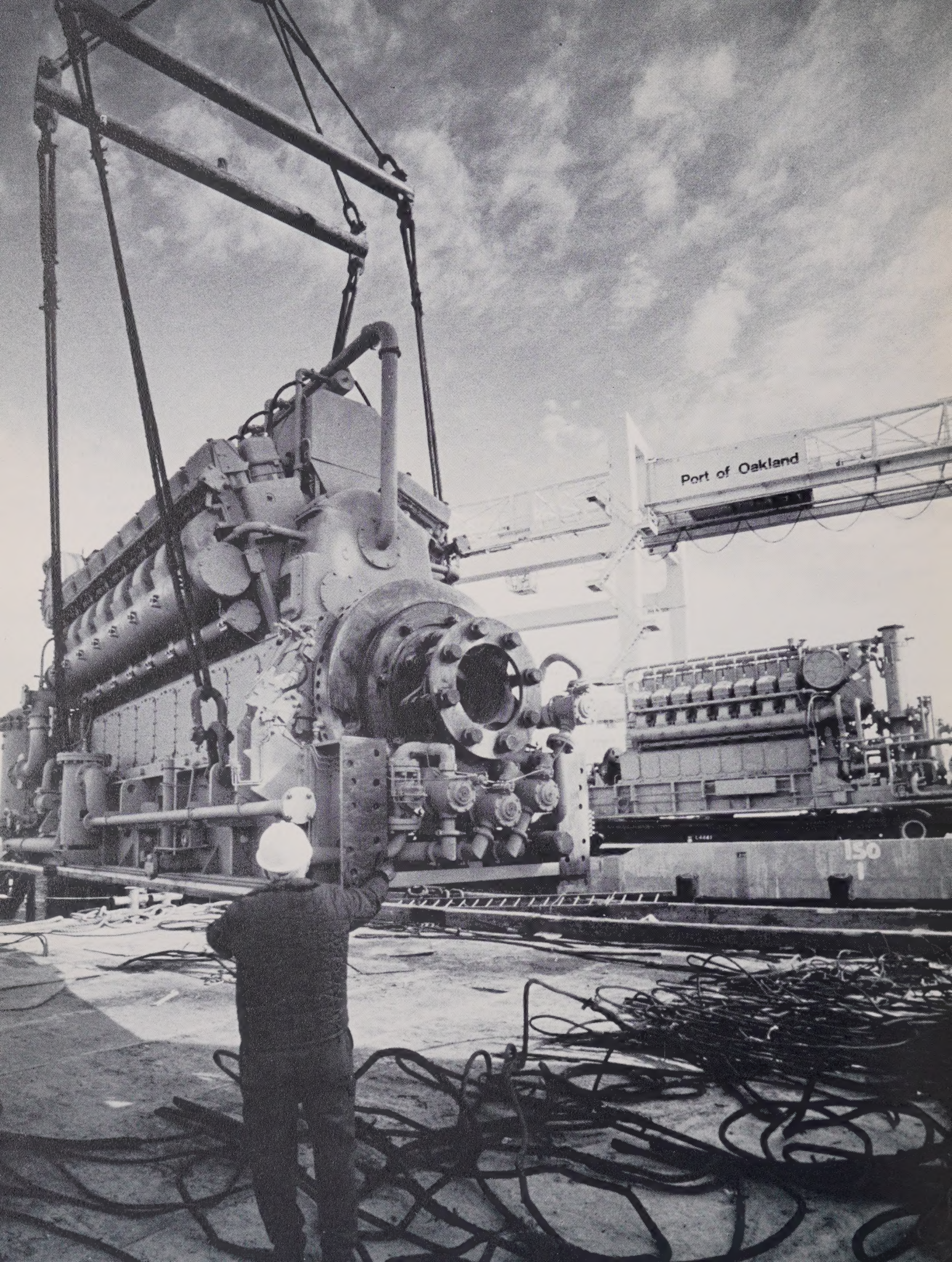
The \$17,420,000 Series N Bonds are being issued to refund the \$16,650,000 of the Port's Series M Bonds which

mature on or after August 1, 1981. These Series M Bonds are to be called for redemption on February 1, 1981, until which time the proceeds of the Series N Bonds (except that portion applicable to expenses of issuance) are to be held in trust, the bonds being secured under terms of a trust agreement. Upon redemption of the scheduled Series M Bonds, the Series N Bonds assume parity with the outstanding series of the Port's 1957 Revenue Bonds.

The 1957 Revenue Bonds are secured by an exclusive pledge of all gross revenue from facilities constructed from the bond proceeds and of net revenue from certain other facilities. Total net revenue available for service of these bonds for the year ended December 31, 1976, amounted to \$12,817,838, covering the proposed maximum annual revenue bond service requirement 2.12 times.

Aerial view of the Port of Oakland.





Port of Oakland

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1

THE BONDS

Authority for Issuance

The Port of Oakland 1957 Revenue Bonds ("the revenue bonds") were authorized by Resolution No. 10378 of the Board of Port Commissioners adopted January 21, 1957 ("the Resolution"). Basic covenants of the Board, application of revenues, and limitations on additional debt are included in this Resolution. Specific authority for issuance of the Port Revenue Bonds is found in Sections 617(1) to 618(10), inclusive, of the Oakland City Charter, approved by the voters in 1968, incorporating the provisions of Section 222(1) to 223(10), inclusive, of the prior charter.

The \$17,420,000 Series N Bonds ("the bonds") are being issued pursuant to Resolution No. 23706 of the Board adopted February 2, 1977.

Terms of Sale

Bids for the bonds will be received on behalf of the Board of Port Commissioners up to the hour of 10:00 a.m. on February 23, 1977, at the law offices of Orrick, Herrington, Rowley & Sutcliffe, 600 Montgomery Street, 11th floor, San Francisco, California 94111. Details of the terms of sale will be found in the Official Notice of Sale adopted by the Board on February 2, 1977.

Description of the Bonds

The \$17,420,000 Series N Bonds are numbered N1 to N3484, each in the denomination of \$5,000. They will be issued in coupon form and will be registrable either as to principal only or as to both principal and interest, with the privilege of discharge from registration. The bonds are dated February 1, 1977, and mature and become payable on August 1, 1981 to 1996, as shown in the adjoining maturity schedule.

Interest is payable semiannually on February 1 and August 1. Interest and principal are payable at the office of the City Treasurer of the City of Oakland, at the Oakland Main Office of Bank of America NT & SA, Fiscal Agent of the Board of Port Commissioners for these bonds, and at the Chase Manhattan Bank N. A. in New York City, New York, and Harris Trust and Savings Bank in Chicago, Illinois.

Redemption Provisions

The bonds are subject to call and redemption at the option of the Board on February 1, 1987, or on any interest payment date thereafter as a whole or in part, in inverse order of maturity and by lot within a maturity, upon payment of the principal amount and a premium of $\frac{1}{4}$ of 1% of such principal amount for each year and for any remaining fraction of a year between the date of redemption and the date of maturity of the bonds.

Notice of redemption is to be published in Oakland and, in a financial newspaper of general circulation, in New York City, with the first publication not less than 30 nor more than 60 days prior to the date of redemption. Copies of the notice of redemption are to be mailed to the Fiscal Agent, to the original purchasers of the bonds, and to the holders of any registered bonds designated for redemption.

SERIES N MATURITY SCHEDULE

<i>August 1</i>	<i>Principal Amount</i>
1981	\$ 510,000
1982	540,000
1983	575,000
1984	610,000
1985	635,000
1986	680,000
1987	720,000
1988	765,000
1989	810,000
1990	855,000
1991	905,000
1992	960,000
1993	1,015,000
1994	1,070,000
1995	1,120,000
1996	5,650,000

Tax Exemption

In the opinion of bond counsel, under existing statutes, regulations and court decisions, interest on the bonds is exempt from all present Federal income taxes and from State of California personal income taxes; and the bonds are exempt from all California taxes except inheritance, gift, and franchise taxes. Interest on any of the bonds held by a substantial user of the bond project (or by a "related person") may be taxable under Section 103(b) of the Internal Revenue Code.

Legal Opinion

The legal opinion of Messrs. Orrick, Herrington, Rowley & Sutcliffe, of San Francisco, California, approving the validity of the bonds, will be supplied free of charge to the original purchasers of the bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

Legality for Investment

These bonds are believed to be legal investments in California for all trust funds and for the funds of all insurance companies, commercial and savings banks, trust companies, the State school funds, and any public or private funds which may be invested in county, municipal, or school district bonds, and may be deposited as security for the performance of any act whenever the bonds of any county, municipality or school district may be so deposited, and may also be used as security for the deposit of public moneys in banks in the State.

Requests for a certificate of suitability for investment by savings banks were filed by the Board with the Superintendent of Banks of the State of California for bonds of Series A to M and were approved. A similar request will be filed for Series N.

Purpose of Issue

The Series N Bonds are being sold to provide funds for the redemption, on February 1, 1981, of the \$16,650,000 Port of Oakland 1957 Revenue Bonds, Series M, maturing on or after August 1, 1981. It is estimated that this refunding will effect a present value savings in debt service of approximately \$1,000,000.

Security

The payment of interest coming due on the Series N Bonds on or before February 1, 1981, and the redemption of the Series M Bonds on February 1, 1981, are provided for under terms of an irrevocable trust agreement between the Port of Oakland and the Bank of America NT & SA, Oakland, California (the Fiscal Agent).

Proceeds of the Series N Bonds, together with additional moneys to be supplied by the Port, if necessary, will be deposited in trust with the Fiscal Agent (a) for investments in federal securities whose proceeds will be at least sufficient

1. to meet the interest coming due on the Series N Bonds on or before February 1, 1981,
2. to redeem the Series M Bonds on February 1, 1981, and
3. to increase the balance in the Reserve Account of the 1957 Revenue Bonds to the Maximum Annual Debt Service as calculated to exist on February 2, 1981;

and (b) for the payment of expenses incident to issuance of the Series N Bonds and the redemption of the Series M Bonds. The Fiscal Agent, as a condition of delivery of the Series N Bonds, will certify to such sufficiency.

Upon the call and redemption of the Series M Bonds, the Series N Bonds will be on a parity with the other series of the Port's 1957 Revenue Bonds, and equally secured by an exclusive pledge of all revenues (as defined below), subject to the right of the Board to use surplus revenues for other purposes. The bonds are not secured by the taxing power of the City of Oakland.

All revenues pledged to the 1957 Revenue Bonds are deposited with the City Treasurer in the Port Revenue Fund, from which monthly transfers are made to the bond service accounts maintained by the Fiscal Agent.

A separate Reserve Account is maintained sufficient for payment of the maximum combined annual bond service of all series of the 1957 Revenue Bonds.

ALLOCATION OF BOND PRINCIPAL, SERIES N

Redemption of Series M principal	\$16,650,000
Premium on redemption	333,000
Addition to Reserve Account (estimated)	50,000
Reserve for bond discount	261,300
Costs of issuance (estimated)	125,700
Principal amount, Series N	\$17,420,000

The Board has covenanted that it will maintain rates and charges sufficient to produce annual net revenues of at least one and one-half times the total revenue bond service requirement for the ensuing year, including that of either Series M or Series N, whichever is greater.

The following subsections discuss the chief provisions established to secure payment of the 1957 Revenue Bond principal and interest.

Pledged Revenues

Revenues pledged to the revenue bonds are defined in Section 618(4) of the Oakland City Charter approved in 1968 (incorporating the provisions of Section 223(4) of the prior charter) and comprise:

1. Gross revenues of the Project (all facilities acquired, constructed, or completed with revenue bonds).
2. Gross revenues of any additions to or improvements of the Project, whether or not financed with bond funds. (All of the Oakland International Airport has been included in the Project by Resolution No. 13192 of the Board.)
3. Net revenues of all Existing Facilities, with net revenues determined by deducting costs of operation and maintenance from gross revenues but without allowance for depreciation or obsolescence. Existing Facilities are defined as all facilities of the Port on January 21, 1957, and all later extensions or improvements to these facilities. By resolution of the Board, all facilities so far constructed, with the exceptions discussed below, are deemed to be either Project or Existing Facilities.

(In 1975/76, gross revenues of the Project, including interest, amounted to \$18,737,961; and net revenues from Existing Facilities were \$1,631,348.)

The Port is empowered to finance the construction of new facilities by incurring indebtedness other than its 1957 Revenue Bonds. Such indebtedness may be secured by the pledge of revenues from the facilities built, or by a lien upon revenues of the Port Revenue

Fund junior to that of the 1957 Revenue Bonds.

Income from the following facilities is not pledged to the 1957 Revenue Bonds:

The Seatrain Lines marine terminal (now assigned to American President Lines) acquired from proceeds of a \$20,000,000 Certificate issue in 1971.

An \$800,000 golf course on Port Property, leased to the City of Oakland.

Thirty acres in the Port's industrial park, developed from proceeds of a \$1,000,000 federal grant and of \$700,000 in junior revenue bonds.

A small craft harbor being developed with the proceeds of a \$1,000,000 loan from the State of California. An additional proposed loan of \$1,450,000 has been approved in principle by the State, and the Port has applied for an additional \$800,000 loan.

In December, 1972, the Port issued \$8,740,000 Series K Bonds to refund \$8,500,000 Series J Bonds. Proceeds of the sale are being held in trust (pending the retirement of the Series J Bonds) and are invested in federal securities the interest on which is pledged to the Series K Bonds only and not to the 1957 Revenue Bonds.

Reserve Account

The Resolution provides for creation and maintenance of a Reserve Account as additional security for all series of the 1957 Revenue Bonds. This account is to be held by the Fiscal Agent to be drawn upon to pay interest and principal on these bonds in the event that no other funds are available for the purpose.

The Reserve Account must contain at all times a balance equal to at least the maximum annual bond service requirement (interest and principal or minimum sinking fund payments) for all outstanding 1957 Revenue Bonds.

Money in the Reserve Account may be invested in United States Government securities and the income is pledged to the security of the bonds.

Application of Revenues

Under terms of the Oakland City Charter, all income and revenues of Port operations pledged to the revenue bonds are deposited in the City Treasury in the Port Revenue Fund and paid out on order of the Board.

The Resolution established accounts and a flow of funds which are applicable to all series of the 1957 Revenue Bonds. Interest and principal for all series are payable from the same accounts, and the Reserve Account secures all series of bonds.

The Resolution provides that on or before the tenth business day of each month payments are to be made from the Port Revenue Fund to the Fiscal Agent in the following amounts and in the following priority (the effect of which is to set aside the necessary funds more than one month before interest payments are due, and more than two months before principal payments and sinking fund redemptions are due):

1. *Interest Account.* One-fifth of the amount of semiannual interest becoming due and payable on all outstanding revenue bonds in the next six months until the full amount of semiannual interest to become due has been paid into this account.
2. *Principal and Sinking Fund Account.* One-tenth of the principal amount of revenue bonds of all series due and payable in the next twelve months, plus one-tenth of the amount required to be deposited as Annual Sinking Fund Account Payments in the next twelve months, until the amount in this account is sufficient to pay these amounts in full. Sinking Fund Account Payments are required for Series A, B, C, D, E, H, and L. Maturity schedules have been established so that serial maturities and required sinking fund deposits do not occur in the same year for any one series.
3. *Reserve Account.* Any amount necessary to restore the Reserve Account to the balance required by the Resolution.

Remaining revenues are designated by the Resolution as "Surplus Revenues in the Port Revenue Fund." After the payments to the Fiscal Agent for interest, principal, sinking fund, and reserve of the 1957 Revenue Bonds have been made, these Surplus Revenues are to be applied as required to payment of the interest and principal of the bonds secured by Surplus Revenues. The balance then remaining may be spent for any of the purposes permitted by the City Charter. Without limiting the generality of these purposes, the Resolution provides also that Surplus Revenues may be used to pay costs of maintenance and operation of the Project, or for payment to the Fiscal Agent for the purpose of purchasing or calling and redeeming outstanding bonds.

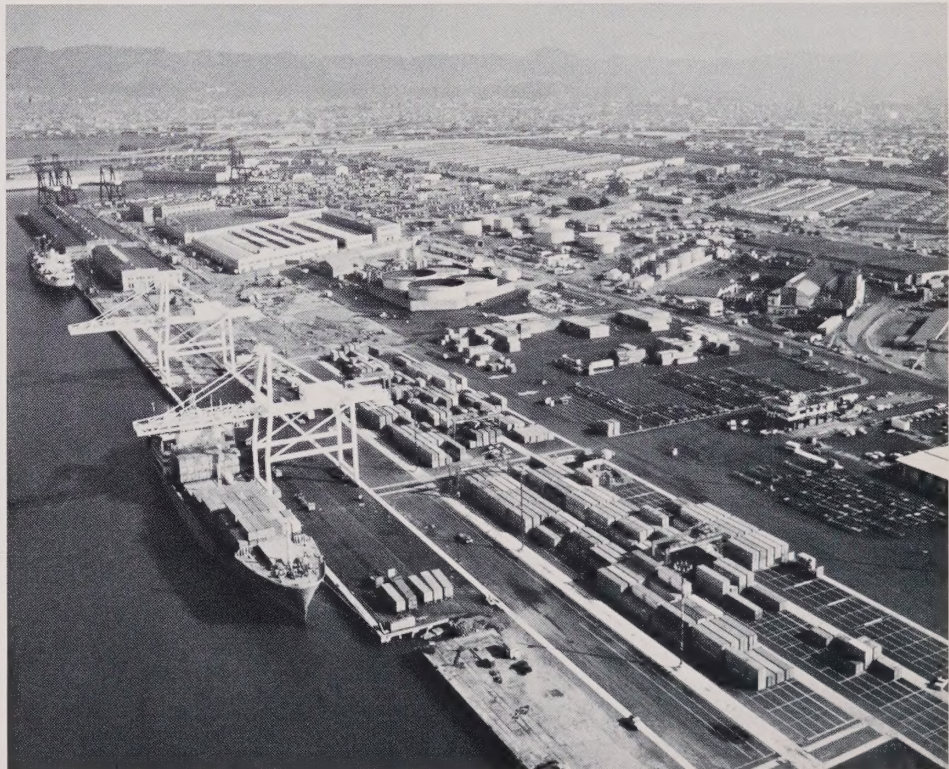
Surplus Revenues may be spent immediately after each month's required payments to the Fiscal Agent have been made, and the Board is required to account separately for revenues and to report quarterly on the deposits of revenues into the Port Revenue Fund and their allocation to accounts (interest, principal and sinking fund, and reserve).

Maintenance of Fees and Charges

Section 5.01 of the Resolution provides that the Board covenants and agrees that, as long as any of the revenue bonds are outstanding, it will establish and maintain rates and charges for its facilities and services sufficient to produce annual net revenues equal to at least one and one-half times the bond service requirements for the ensuing year. Bond service includes interest, maturing principal, and minimum sinking fund payments, if any.

The Board may adjust rates and charges and establish rules for the use of its facilities, but the Board covenants that any action taken to reduce rates or to permit free use of any facilities will not limit or diminish the basic obligation of the Board to maintain a coverage of one and one-half times bond service requirements.

Revenue bonds are secured by gross revenues from Project facilities (those constructed entirely or in part with revenue bond funds) and by net revenues from Existing Facilities. The covenants requiring maintenance of coverage equal to at least one and one-half times bond service are based, however, on net revenues from both the Project and Existing Facilities.



The new Outer Harbor Container Terminal, a 32-acre facility for four Japanese container lines.

Issuance of Additional Bonds

Resolutions No. 10378 and 17345 of the Board cover issuance of additional revenue bonds on a parity with those outstanding. Although the Board has declared that the Series N Bonds will not be on a parity until the Series M Bonds are refunded, these conditions have been or will be complied with prior to delivery of Series N Bonds and must be complied with prior to delivery of any subsequent series of bonds:

1. The maturity date of the last bonds to mature must not be earlier than the last maturity date of the bonds of any series then outstanding; serial maturities or annual sinking fund payments sufficient to retire all bonds at or before maturity must be established for each series of bonds; and the bonds must mature only on August 1 of any year.
2. The Board is required, at or prior to delivery of additional bonds, to file with the Fiscal Agent a statement of the improvements or extensions of the Project for which the additional bonds are proposed to be issued and their estimated costs, recommending them as economically and financially feasible.
3. Resolution No. 10378 provides that either (a) the net revenues for the twelve-month period ending at the end of the calendar quarter next preceding delivery of the additional bonds, or (b) the estimated net revenues for the twelve-month period beginning with the calendar quarter in which additions or extensions to the Project are put in operation must be equal to at least one and one-half times the maximum combined annual debt service on the outstanding revenue bonds of all series including the additional bonds to be issued.

Resolution No. 17345 makes the additional requirement that either (a) the net revenues for the twelve-month period ending at the end of the calendar quarter next preceding delivery of the additional bonds, or (b) such net revenues plus 75% of the estimated additional annual net revenues from facilities to be constructed from proceeds of the additional bonds must be

equal to at least one and one-half times the maximum combined annual debt service on the outstanding revenue bonds of all series, including the additional bonds to be issued.

If estimates of future revenues are used in determining whether additional bonds can be issued, these estimates must be made by an independent engineer or certified public accountant; and Resolution No. 17345 provides that they are to be estimates of the average additional annual net revenues in the first 36 months of operation of the new facilities.

Maintenance and Operation of Project and Existing Facilities

The Board covenants that the Project and Existing Facilities will at all times be operated and maintained in an efficient and economical manner and that all necessary repairs and improvements will be made as needed. The Board agrees to comply with all lawful orders of any governmental agency having jurisdiction over any Port facilities and to pay or cause to be paid any taxes or assessments on the facilities or any other lawful charges which, if unpaid, might impair the security of the bonds.

The Board covenants that it will establish and maintain such reasonable rules and regulations as will insure the maximum practicable occupancy and use of the facilities and services of the Port and produce the maximum available revenues.

The Resolution provides that the Board may abandon any facilities which are part of the Project or of Existing Facilities or may discontinue or change the use of any such facilities if the annual net revenues produced by the remaining facilities in the preceding twelve months are sufficient to provide coverage of at least one and one-half times annual debt service requirements in the ensuing twelve months.



A containership takes on a 40-foot container.



A containership on her way to the berth in the Port's Middle Harbor.



Heavy earth-moving equipment, trucks and tractors are loaded aboard this ship bound for the Far East.

Insurance

The Resolution provides for insurance against losses of various kinds, as specified in Section 7.06. The following coverages are specifically required:

Title insurance on any real property purchased or acquired by the Board as part of the Project.

Fire and extended coverage insurance of 90% of full insurable value or to the greatest amount obtainable if less than 90%.

Fidelity insurance or fidelity bonds covering all employees receiving or handling Port revenues in an amount sufficient to cover the maximum amount of revenues received or handled daily by each such employee.

Public liability insurance in an amount of not less than \$100,000 for injuries to any one person and \$300,000 for injuries in any one accident and property damage insurance in an amount not less than \$100,000, except at Oakland International Airport. Minimum limits for insurance at the airport are \$100,000, \$500,000, and \$500,000, respectively. (The Port actually now carries public liability insurance in the amount of \$100,000,000 at the Airport and \$46,000,000 elsewhere per occurrence for bodily injury and property damage.)

In the event that the Board fails to take out or maintain insurance as required in the Resolution, the Fiscal Agent may do so and pay for insurance out of the Reserve Account.

Reports and Accounts

The Board is required by the Resolution to maintain accurate books and records showing all revenues received from and all expenditures relating to the Project and Existing Facilities. The City is required by law to maintain books and records showing all moneys in all funds and accounts in its custody, including the Port Revenue Fund.

Within 90 days after the close of each fiscal year (June 30) the Board is to file with the Fiscal Agent a statement of revenues and expenditures for the fiscal year and a balance sheet taken at the close of the fiscal year, accompanied by a statement of an independent certified public accountant. A consolidated summary of the statement and balance sheet is to be published in the city's official newspaper within 120 days after the end of each fiscal year, and copies of the summary are to be made available upon request to holders of the bonds and to others interested in them.

In addition, within 50 days after the close of each calendar quarter, the Board's principal accounting officer is required to make a written report of revenues received from the Project and Existing Facilities during that quarter and the amounts required to be paid over to the Fiscal Agent to be held in the interest, principal and sinking fund, and reserve accounts. Copies of this report are to be filed with the Fiscal Agent and with the City Auditor and Treasurer.

Loss by Fire, Condemnation or Other Cause Beyond Control of Board

In the event of loss of any part of the Project or Existing Facilities by fire or similar cause beyond the control of the Board, insurance proceeds are to be set aside and applied either to the reconstruction or restoration of the facilities damaged or destroyed or to the acquisition or construction of new revenue-producing facilities.

(On December 1, 1976, the second-floor restaurant and lounge at the airport terminal were destroyed by fire. The Port expects rental income insurance to substantially cover any loss of revenue, and fire insurance to cover the costs of reconstruction. The facility as reconstructed may be for a different purpose. If so, the Port expects there will be no appreciable effect on revenues.)

Similarly, in the event any part of the Project or Existing Facilities is taken by condemnation, the proceeds are to be applied to replacement of facilities lost or to the construction of new revenue-producing facilities. Facilities acquired or built to replace property lost by fire or condemnation are to be considered part of the Project or of the Existing Facilities, depending on the status of the original facilities.

The effect of these provisions is to provide for replacement of revenues lost through causes beyond control of the Board while still allowing the Board discretion in determining how revenues are to be produced.

Other Covenants

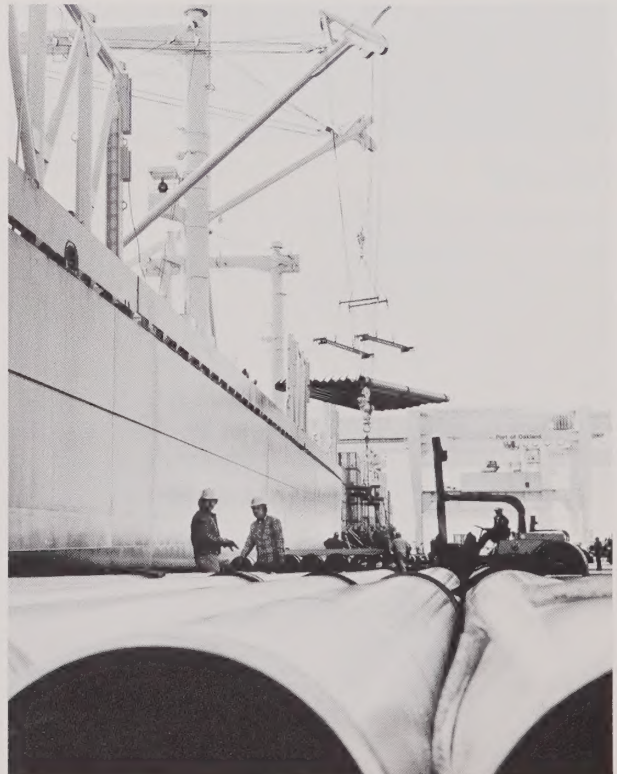
In addition to the specific covenants recited above, the Board agrees in the Resolution that:

1. It will punctually pay or cause to be paid the principal of and interest on the bonds, together with any premiums in strict conformity with the terms of the bonds and of the Resolution.
2. It will not encumber or permit to be encumbered by mortgage, lien or otherwise any property or moneys used in connection with or applicable to the Project, the Existing Facilities of the Port, or the bonds. The Board may lease any portion of the Project or Existing Facilities pursuant to the charter, provided that gross revenues of Project leases and net revenues of leases of Existing Facilities are pledged to the security of the bonds.

The Resolution can be modified or amended only with the consent or approval of the holders of two-thirds of the bonds. Obligations to pay interest and principal of any bond when due cannot be modified without the consent of the holder of that bond.



Looking westward over the Outer Harbor Container Terminal and the Seventh Street Terminal, two major container shipping facilities at the Port of Oakland.



BOND SERVICE AND COVERAGE

Revenue Bond Service

Table 1 shows annual bond service requirements for the Port's 1957 Revenue Bonds. To June 30, 1981, actual requirements are shown for Series A to M; for later years, effect is given to the refunding of Series M, assuming a 6% interest rate for Series N. The maximum annual bond service requirement would then be \$6,059,849 in 1981/82.

TABLE 1
PORT OF OAKLAND
1957 REVENUE BOND REQUIREMENTS

Year Ending June 30	Existing Bond Service ^①	Series N		Grand Total Bond Service
		Interest Estimated at 6%	Principal Maturing ^②	
1978	\$ 5,945,104	\$ —	\$ —	\$ 5,945,104
1979	5,971,710	—	—	5,971,710
1980	5,952,808	—	—	5,952,808
1981	5,982,602	—	—	5,982,602
1982	4,519,949	1,029,900	510,000	6,059,849
1983	4,518,360	998,400	540,000	6,056,760
1984	4,517,112	964,950	575,000	6,057,062
1985	4,511,055	929,400	610,000	6,050,455
1986	4,521,618	892,050	635,000	6,048,668
1987	4,524,322	852,600	680,000	6,056,922
1988	4,521,527	810,600	720,000	6,052,127
1989	4,524,705	766,050	765,000	6,055,755
1990	4,523,990	718,800	810,000	6,052,790
1991	4,529,778	668,850	855,000	6,053,628
1992	4,531,127	616,050	905,000	6,052,177
1993	4,531,430	560,100	960,000	6,051,530
1994	4,539,705	500,850	1,015,000	6,055,555
1995	4,544,198	438,300	1,070,000	6,052,498
1996	4,557,160	372,600	1,120,000	6,049,760
1997	—	169,500	5,650,000	5,819,500
	\$91,768,260	\$11,289,000	\$17,420,000	\$120,477,260

① Giving effect to the refunding of Series J on August 1, 1980, and of Series M on February 1, 1981.

② Callable on or after February 1, 1987.

Revenue Bond Coverage

The Port's revenues and expenditures, summarized below, are described more fully in later sections of this statement.

The gross revenues of each of the Port's three operating departments, as well as the Port's total net operating income have increased almost uninterruptedly in every fiscal year since 1961. This trend is continuing. Net income for the twelve months ended December 31, 1976 was again at a record level.

Table 2 compares net income, after all maintenance and operating expenses (but before depreciation), with the 1957 Revenue Bond service requirements. Income not pledged to the revenue bonds has been excluded; most importantly that pledged to debt service of the Port Certificates, amounting to \$2,236,671 in 1975/76.

For the twelve months ended December 31, 1976, net income available for revenue bond service amounted to \$12,817,838, covering the proposed maximum annual bond service (\$6,059,849 in 1981/82) 2.12 times.

Annual operating surplus after revenue bond service amounted to \$6,316,015 in 1975/76.

Projects under way are scheduled to produce additional revenues of about \$4,700,000 annually by 1978.

TABLE 2
NET INCOME AND REVENUE BOND COVERAGE

<i>Year Ended June 30</i>	<i>Revenues^①</i>	<i>Expenses^①</i>	<i>Net Operating Income^①</i>	<i>Revenue Bond Service</i>	<i>Coverage Ratio</i>	<i>Surplus^②</i>
1964	\$ 3,968,356	\$2,806,076	\$1,162,280	\$ 465,615	2.50	\$ 696,665
1965	4,223,958	2,904,380	1,319,578	526,240	2.51	793,338
1966	5,207,625	3,130,870	2,076,755	554,653	3.74	1,522,102
1967	6,625,747	3,496,590	3,129,157	660,508	4.74	2,468,649
1968	7,930,435	4,373,919	3,556,516	1,022,227	3.48	2,534,289
1969	10,196,853	4,789,283	5,407,570	1,457,116	3.71	3,950,454
1970	12,193,259	5,656,177	6,537,082	2,251,062	2.90	4,286,020
1971	14,237,021	6,575,003	7,662,018	2,889,672	2.65	4,772,346
1972	14,616,239	5,971,514	8,644,725	3,607,723	2.40	5,037,002
1973	15,727,867	7,263,267	8,464,600	3,614,350	2.34	4,850,250
1974	17,878,375	8,590,946	9,287,429	3,612,978	2.57	5,674,451
1975	20,959,381	9,969,942	10,989,439	4,305,503	2.55	6,683,936
1976	22,099,618	10,152,195	11,947,423	5,631,408	2.12	6,316,015
1976 ^③	23,259,567	10,441,729	12,817,838	6,059,849 ^④	2.12	6,757,989

① From Table 4, page 23.

② Available for capital outlay and other Port purposes.

③ Year ended December 31, unaudited.

④ Maximum proposed annual revenue bond service (1981/82).

THE PORT OF OAKLAND

The City of Oakland has operated a public harbor to serve waterborne commerce since the city was incorporated in 1851. Management of the Port has been in the hands of the Board of Port Commissioners since 1927. The Board has exclusive control of all Port revenues and of proceeds of all bond sales for harbor or airport improvements.

Members of the Board are appointed by the City Council upon nomination by the Mayor. Mr. Ben E. Nutter, the Executive Director, has been at the Port for more than 20 years and has served as the chief management officer since 1962. A recognized leader in his professional field, he serves as director of the International Association of Ports and Harbors, and is a past president of the American Association of Port Authorities.

On January 19, 1977, Mr. Nutter announced his retirement on July 1, 1977, and the Board announced the appointment of Mr. Walter A. Abernathy as his successor. Mr. Abernathy was chief assistant to Mr. Nutter from 1966 and has been Deputy Executive Director since 1970.

The Port area extends from north of the San Francisco-Oakland Bay Bridge approximately 19 miles along the Oakland side of the Oakland Estuary to the Oakland International Airport. Port facilities include five major marine terminal areas, 1,000 acres of industrial and commercial land under lease or available for lease or sale, 11,500 acres of undeveloped land and tidelands, and the Oakland International Airport with an area of 2,500 acres. The present value of Port property is estimated at over \$300,000,000; including private holdings in the Port Area, the value exceeds \$450,000,000.

Operation of the Port is divided among three revenue producing departments, Airport, Properties, and Marine Terminals, under the administration of the Executive Director and with centralized accounting, engineering and planning, purchasing, research, and legal services.

Employee Agreements

Most of the Port's maintenance and airport operations personnel are represented by United Public Employees Local 390 of the AFL-CIO. Most of the Port's classified civil service office positions are represented by Oakland Municipal Civil Service Employees Association, a local unaffiliated organization; the Port's professional level Engineering Department employees are represented by Western Council of Engineers Port of Oakland Chapter, also unaffiliated. (Unrepresented by employee organizations are management, most supervisory and miscellaneous positions.)

The Port has a memorandum of understanding (the form of labor agreement specified under state law for local public agencies) with each of these representatives. These memoranda all expire on June 30, 1977. It is anticipated that negotiations will begin early this spring on new memoranda for periods commencing July 1, 1977. The Port has experienced one strike by maintenance and airport operations personnel, of 12 days in 1971.

Pension Plans

Substantially all Port employees participate in one of two contributory retirement plans, the Oakland Municipal Employees' Retirement System (OMERS) administered by the City of Oakland and the Public Employees' Retirement System (PERS) administered by the State of California. In each plan the combined Port and City employees constitute one unit.

Under the OMERS plan, which is a closed plan, the vested benefits exceed plan assets for both retired and active employees. The portion allocated to the Port is being funded at the rate of \$109,300 annually until 2003 (27 years).

Under the PERS plan, the Port contributes 13.284% of qualified payroll, of which 3.773% represents the excess of vested benefits over plan assets, which is being funded over a 30 year period to the year 2000. Retirement plan expenses aggregated \$870,543 and \$649,457 for the fiscal years ended June 30, 1976 and 1975 respectively.

The payments being made to both OMERS and PERS to fund the vested benefits are included in these amounts.

MARINE TERMINALS DEPARTMENT

The shipping of cargo in uniform sealed containers of truck-trailer size has revolutionized the marine transport industry, providing great gains in speed and economy. Modern terminal facilities require wide aprons, special cranes, large open areas for container and truck movement and parking, and convenient rail and highway access.

The Port of Oakland is exceptionally well suited to the development of containership terminals and has vigorously exploited this advantage over the last decade. Growth in tonnage of containerized cargo, and the equally impressive growth in marine terminal revenues, are shown in the adjoining tables.

The Port of Oakland is the largest container port on the Pacific Coast and one of the largest in the world. Oakland now shares with Los Angeles, Long Beach, and Seattle the Pacific Coast leadership in general cargo tonnage.

will be influenced by activity at the ports of the Pacific Northwest and Los Angeles and Long Beach. Each of these ports is in competition with the Port of Oakland and is aggressively seeking a larger share of those cargoes destined to and originating from the interior United States. The

service area common to all Pacific Coast ports extends to the Midwest and the East Coast.

The trend of maritime commerce on the Pacific Coast is such that for the Port of Oakland to maintain and improve its competitive position, it will require additional containerized cargo handling facilities and, to a limited extent, break-bulk facilities. The need for such growth at Oakland and other San Francisco Bay ports is supported by the planning studies now completed by The Northern California Ports and Terminals Bureau, Inc. These studies indicate that by the year 2000 the San Francisco Bay Region will have to handle 1½ times its present volume of break-bulk cargo, 2½ times as much dry-bulk cargo, and 9 times as much container or LASH cargo. Japan and the Pacific Basin countries will continue to be the largest trading partners, with Europe next in rank.

There are four major terminal areas under jurisdiction of the Port of Oakland. These have 28 berths, 1,399,658 square feet of transit shed and container freight station space and over 350 acres of developed open area including container storage area. Sixteen rail mounted container cranes are in operation at fourteen container berths. Two mobile cranes capable of handling containers serve two additional berths for operation of semi-container vessels. Two berths are available for roll-on/roll-off vessels. The principal transit sheds as well as the container freight stations are of modern concrete and steel construction, completely sprinklered and designed for free-flowing truck traffic.

CONTAINERIZED CARGO TONNAGE

1965	365,084
1966	707,748
1967	950,047
1968	1,530,518
1969	3,001,072
1970	3,650,699
1971	3,887,698
1972	4,577,451
1973	5,395,094
1974	5,670,712
1975	5,647,979
1976 (est.)	6,100,000

MARINE TERMINALS GROSS REVENUE

1964/65	\$ 834,699
1965/66	1,052,395
1966/67	1,583,386
1967/68	1,644,585
1968/69	2,373,712
1969/70	3,000,700
1970/71	3,467,199
1971/72	5,420,013
1972/73	6,404,255
1973/74	7,508,273
1974/75	9,364,113
1975/76	8,860,444
1976/77 (est.)	9,750,000

Operating Agreements

Prior to 1957, the Port operated its terminal facilities, but since then they have been leased or assigned to private operators. Payments under the terms of the marine terminal agreements depend primarily upon dockage, wharfage, demurrage, storage, container crane rental, and other terminal tariff charges, subject in most cases to guaranteed minimum annual payments. Provisions of the principal agreements are shown in Table 3.

Labor Relations

Longshore labor is supplied under contract between the International Longshoremen's and Warehousemen's Union and the Pacific Maritime Association covering the entire Pacific Coast. The current contract expires July 1, 1978. There has been only one longshoremen's strike at the Port since 1948. This occurred coastwide in 1971/72 and although it lasted for a total of 131 days, it had little overall effect on the Port's revenues. Since the terminals, for the most part, are leased or assigned to operators under minimum annual payment agreements, the Port is afforded a revenue base largely immune to strike losses.

TABLE 3
MAJOR MARINE TERMINAL AGREEMENTS

<i>Lessee, Assignee or Agent</i>	<i>Annual Payments</i>		<i>Term</i>
	<i>Minimum</i>	<i>Maximum</i>	
American President Lines/Seatrains Terminals of California, Inc.	\$1,800,000	\$2,200,000 ^①	30 years to 2001
Japanese Line Consortium	1,228,000 ^②	1,680,000 ^②	10 years to 1987 ^③
Matson Navigation Co.	579,187	579,187	20 years to 1988
Marine Terminals Corp. (9th Avenue) ^④	400,000	None	2 years to 1979
Marine Terminals Corp. (Berth 4)	570,000 ^⑤	None	5 years to 1981
Sea-Land Service, Inc.	1,046,738	1,165,556	20 years to 1988
United States Lines	1,080,000 ^⑥	1,300,000 ^⑥	25 years to 2000
United States Lines Office Building	333,342	333,342	25 years to 2000

① Approximate range of payments to 2001; major portion not pledged to the revenue bonds.

② Estimated, including \$332,000 in guaranteed annual crane rental.

③ With 3 five-year options to 2002.

④ Pending FMC approval.

⑤ Estimated income based on performance standards set forth in management agreements. Amount not guaranteed.

⑥ Includes approximately \$500,000 in annual income attributable to the terminal area expected to be added to United States Lines premises in April, 1977.

Outer Harbor

The Outer Harbor area includes the Sea-Land Container Terminal, the Outer Harbor Fourteenth Street Terminal, Oakland Container Terminal, Outer Harbor Public Container Terminal, and a container freight station and warehousing complex operated by Crescent Warehouse Co.

Sea-Land Service

The Port's first containership terminal was a 26-acre facility opened in 1962 under 20-year assignment to Sea-Land Services, Inc. Their facilities, including maintenance areas and a nearby rail/truck terminal, now cover 70 acres. There are two berths and four container cranes. Sea-Land serves the Atlantic, Gulf and Pacific Coasts, Puerto Rico and Alaska, as well as transatlantic and transpacific ports. Their transpacific service is maintained primarily by SL-7 class super container-ships. Each vessel can carry 1,096 35- or 40-foot containers at a cruising speed of 33 knots.

Marine Terminals Corporation

Marine Terminals Corporation operates the Outer Harbor Terminal under a preferential assignment by tariff. The combination break bulk/semi-container facility has a marginal wharf of 2,095 feet length and more than 270,000 square feet of covered transit shed space. A mobile crane capable of handling 40-foot containers serves this terminal.

Oakland Container Terminal

Four Japanese lines (Japan Line, "K" Line, Mitsui-O.S.K. and Yamashita-Shinnihon Line) have operated a container terminal at the Port's Seventh Street complex since 1968.

Their new terminal, located in the Port's Outer Harbor, opened for operations on January 3, 1977. It consists of 32 acres and two berths, and is served by a 40-ton container crane.

Public Container Terminal

Marine Terminals Corp. is scheduled to operate this 14-acre one-berth facility under a management agreement commencing in April, 1977. Maersk Line will be the primary user of this facility. The berth is served by a 40-ton container crane.

Crescent Warehouse Company

Crescent Warehouse Company operates portions of Berth 10 buildings under a preferential assignment by tariff. The buildings are utilized in warehousing operations.

A portion of the Seventh Street Terminal.



Seventh Street Terminal

The Seventh Street Marine Terminal was completed in 1971, occupying 140 acres between two deep-water channels, with excellent rail and highway access. It has been designed primarily for containership operations, although break bulk cargo and roll-on/roll-off cargo is also handled.

Matson Navigation Company

Nearly half of the Seventh Street Terminal has been leased to Matson Navigation Company — one of the pioneers in containership operations between the Pacific Coast and Hawaii. Matson has entered into a 20-year agreement with the Port for the use of a 66-acre containership terminal including the container freight station area. Matson utilizes three container cranes at two berths, 1,500 feet in length. In addition, a third 730-foot berth has been developed to accommodate a new roll-on/roll-off service to Hawaii. A hide warehouse, ships stores building and a 15,000 square foot extension to a container freight station have been recently constructed. Matson has provided its own cranes, container freight station and other improvements.

Matson Navigation Company, which commenced operation in September 1968, has recently expanded its operations to include container service to Guam. Four other lines use Matson's facilities. Two Japanese lines (NYK and Showa Lines) offer container service between Japan and the Pacific Coast, while Korea Shipping Corp. and Orient Overseas Container Line serve the Far East.

Public Container Terminal

Also at Seventh Street Terminal is a combination container and break bulk facility serving container, semi-container and roll-on/roll-off ships. The terminal, operated by Marine Terminals Corporation, has five berths and 58 acres of container area, including a container freight station and transit shed. Three container cranes serve this facility. Steamship lines now using the Public Container Terminal include:

- Euro-Pacific Line
- Evergreen Line
- Fesco Pacific Line
- Johnson ScanStar
- Pacific Australia Direct Lines

Middle Harbor

American President Lines/ Seatrain Pacific Services

Seatrain Lines established a container terminal in the Middle Harbor area when it began serving the Hawaiian trade. From a one berth 27-acre terminal, it has expanded to two berths with 45 acres of backup space and two 55-ton container cranes. In 1971 the Port of Oakland issued \$20,000,000 of certificates to purchase the terminal, and leased it back, pledging the rental payments of Seatrain to payment of the certificates. In late 1974, American President Lines, the oldest continuously operated American-flag carrier, transferred their operations from San Francisco to this terminal. The terminal agreements have been revised to assign primary use to American President Lines, and secondary use to Seatrain. American President Lines operates an extensive world-wide container service including the Atlantic and Pacific Coasts of the United States and the Far East and Southeast Asia. Seatrain operates a container service between California and the Far East. Current expansion at this facility includes a 42,000 square foot container freight station to be completed in mid-1977.

United States Lines

The other major container terminal in the Middle Harbor area is operated under terms of a preferential assignment agreement with United States Lines. This 22-acre one-berth facility is served by two 51-ton container cranes.

An adjacent 18-acre, one-berth site, presently utilized as a public container terminal, is currently planned as an expansion area for United States Lines after April, 1977.

The Pacific Coast Headquarters of United States Lines is also located at the terminal. United States Lines offers tri-continent container services between Europe, East-West U.S. Coasts, Hawaii, Guam and the Far East.

Inner Harbor

Grove Street

This general cargo facility is located at the foot of Grove Street on the Oakland Estuary. Berth capacity is three vessels, with 193,000 square feet of transit shed space and additional open area. The transit shed is presently being utilized by Parker Warehouse, Inc. as a private warehouse for special commodities.

Ninth Avenue Terminal

Operated by Marine Terminals Corporation under a preferential assignment agreement, this three-berth facility is the largest steel import center in Northern California. The present 21-acre area also includes a transit shed of 177,000 square feet. Ninth Avenue Terminal has a bulk loading facility.

Future Developments

The Port of Oakland has extensive area for future expansion. There is substantial land adjacent to the Ninth Avenue Terminal and the Grove Street Terminal in the Inner Harbor Area for expansion. Conceptual drawings have been prepared for extensive modernization at the Grove Street Terminal, the Ninth Avenue Terminal and the Outer Harbor Fourteenth Street Terminal. There is also a 138-acre submerged area adjacent to the Oakland Army Base south of the San Francisco-Oakland Bay Bridge. This property has been declared surplus by the United States Government. On the north side of the San Francisco-Oakland Bay Bridge is a 450-acre marine terminal site within a 1600-acre parcel of Port-controlled submerged lands.

Development of any of these projects would require environmental study and approval by governmental agencies.

Additional developments are currently awaiting Federal Government approval. These include the deepening and widening of the Outer Harbor channel to accommodate new and future generation containerships, and the utilization of surplus areas of the Oakland Army Base under an operating agreement with the Federal Government.

New marine projects are expected to add \$1,500,000 in additional Port revenues within the next two years. Of these, the chief project is the conversion of an existing break-bulk terminal into a container terminal at Berth 7 in the Outer Harbor.

Transportation Facilities

Two mainline railroads, Southern Pacific and Western Pacific, terminate in Oakland and have their major Northern California rail yards within two miles of the Oakland docks. The Santa Fe Railroad serves Oakland from its major rail yards nearby in Richmond. All three railroads have reciprocal switching agreements and have direct connections to the 11 miles of dockside rails at the Port of Oakland marine facilities. Switching operations in the Outer Harbor area are performed by the Southern Pacific and by Oakland Terminal Railway, a belt line owned jointly by the Western Pacific and Santa Fe Railroad companies. The Port is especially well situated for truck service to the inland cargo tributary area, with easy access to an extensive freeway system including the transcontinental highways Interstate 80 and U.S. 50.

STEAMSHIP COMPANIES SERVING THE PORT

American President Lines	Matson Navigation Company
Argentine Lines	Mitsui-O.S.K. Lines
Celtic Bulk Carriers	Nedlloyd Pacific Africa Service
Chilean Line	N.Y.K. Line
Crowley Maritime Corp.	Orient Overseas Container Line
d'Amico Line	Pacific Australia Direct Line
Euro-Pacific Line	Pacific Far East Line, Inc.
Evergreen Line	Peruvian State Line
Fesco Pacific Line	Retla Steamship Company
Grancolumbiana Line	Sanko Line
Hanseatic Vaasa Line	S.C.I. Line
Hawaiian Marine Lines	Scindia Line
Hoegh Lines	Sea-Land Service, Inc.
Italian Line	Seatrain Pacific Services
Ital-Pacific Lines	Showa Line
Japan Line	States Line
Johnson ScanStar	Tokai Line
"K" Line	Toko Line
Korea Shipping Corp.	United States Lines
Lloyd Brasileiro Line	United Yugoslav Line
Maersk Line	Westfal-Larsen Company
Maritime Company of the Philippines	Yamashita-Shinnihon Line

Marine Commerce

Marine commerce through the Port is summarized in the table below. The tonnages shown are for cargo over commercial facilities in the Port of Oakland; cargo over military facilities has been excluded. The pronounced rise in tonnage shown for 1969 includes an increase of over 1,000,000 tons at the Seventh Street Terminal, where containership operations commenced in the fall of 1968.

PROPERTIES DEPARTMENT

Leases of property in the Port Area for industrial or commercial use provide the Port with a large and stable income. The Properties Department has more than 130 leases in effect. Most leases are for ground rental only, but many include improvements owned or constructed by the Port. Leases for commercial property are generally based on a percentage of gross revenues, subject to a fixed minimum rental. Existing leases are for terms of up to 66 years.

The Properties Department also administers more than 150 leases and license agreements at the Oakland International Airport.

The Properties Department is responsible for maintaining insurance for all Port property. Rental income insurance is maintained covering property leased or assigned to tenants up to a total of \$6,000,000 annually. Rental income insurance provides for the continuation of payments in case of fire or other extended coverage loss for the time required to repair or reconstruct damaged facilities, up to a maximum of one year.

The Port also maintains or requires the maintenance of fire insurance with extended coverage endorsements on all Port-owned facilities. Port facilities are so widely distributed that the possibility of a major disaster that would impair the Port's basic rental income is very remote.

Jack London Square

The Port of Oakland has converted a once dilapidated waterfront area into Jack London Square, now an outstanding restaurant center and tourist attraction and the site of the Port's administration building.

Restaurants in the Square include the Castaway, El Caballo, Elegant Farmer, The Mast, Seafood Grotto, Sea Wolf, Sophie's and Spider Healy's. Goodman's is a 25,000-square foot convention and banquet building which can accommodate up to 1,000 persons at a single banquet.

Most of the restaurants overlook the Estuary. The Square has been landscaped and offers spacious parking areas and docking facilities for pleasure boats. Jack London Square developments include a 200-berth marina, a boat ramp, hoist, and boat fueling station. Other tenants include a 70-unit motor lodge and boatel, gift shops, a television station, radio station, bank, ship chandlery, U.S. Customs, and various office occupants.

CARGO TONNAGE
(in Thousands of Revenue Tons)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
Inbound									
Foreign	673	1,330	951	1,112	1,350	1,362	1,908	1,902	①
Domestic	662	895	1,320	1,154	1,370	1,306	1,146	1,051	①
Total	1,335	2,225	2,271	2,266	2,720	2,668	3,054	2,953	①
Outbound									
Foreign	1,708	2,790	2,103	2,307	2,154	2,635	2,680	2,265	①
Domestic	343	254	1,224	1,232	1,661	1,903	1,641	1,702	①
Total	2,051	3,044	3,327	3,539	3,815	4,539	4,321	3,967	①
Total Tonnage	3,386	5,269	5,598	5,805	6,535	7,207	7,375	6,920	7,715②

① Detailed breakdown not available.

② Estimated.

The Port's total investment in Jack London Square improvements, including the Port's administration building, is approximately \$6,000,000. The commercial facilities are leased to private operators who have made additional improvements at an estimated cost of \$8,000,000. Gross income to the Port for 1975/76 amounted to \$872,000.

Jack London Village, a new complex of shops and restaurants, opened in 1975 on a 2-acre site at the east side of Jack London Square. This development contains 50 retail shops and two major restaurants.

Another recent ground lease at the west side of Jack London Square provides a one-block site for a 34,000-square foot retail store and parking lot for Cost-Plus Imports.

Embarcadero

The Port is also redeveloping portions of waterfront land along the Oakland Estuary between Jack London Square and Embarcadero Cove. Facilities include additional marinas, a yacht club, a new park, shops, offices, and restaurants such as The Ark, Steak Dock, Barclay Jack's, Quinn's Lighthouse, and Victoria Station. Gross income from the Embarcadero area in 1975/76 was \$302,000.

Oakland Airport Business Park

The Port has developed a major business park which has become a principal source of revenues. The property adjoins the Oakland International Airport and the Oakland-Alameda County Coliseum complex and has exceptionally good rail and highway access. Approximately 300 acres have now been developed, and garden-type industrial sites are offered for sale or lease. More than 200 acres have been sold or leased for development. Sales of land produce occasional nonrecurring income to the Port. Gross income to the Port from Business Park leases during 1975/76 was \$423,000.

The Edgewater-Hyatt House Hotel and the Oakland Hilton Inn are tenants in the Business Park.

Jack London Square, on the Oakland Estuary, offers dining, entertainment and shopping.



Forty-seven sites have been sold for development, either to specific users or building developers. Approximately 225 firms now occupy 52 buildings in the Business Park. These include: Bank of America; Bechtel; Clorox; A. B. Dick; Grand Auto Stores; W. W. Grainger; Pitney-Bowes; Safeway Stores; Singer; Skaggs Pay Less Drugs; Sutro & Co.; Wells Fargo Bank; and Westinghouse Electric. A full-service Post Office opened in the Business Park in 1976. Plans call for further development.

Distribution Center

A new area of approximately 175 acres adjoining the Business Park and Oakland International Airport has been designated for leasing to distribution and warehousing firms, especially those related to air cargo operations. The first 25 acres have been ground leased to United Parcel Service for a major distribution terminal which opened in 1975. The present annual lease payment to the Port is \$129,000.

AIRPORT DEPARTMENT

The Metropolitan Oakland International Airport is an important regional center of commercial airline traffic and the airport department is the Port's leading producer of gross revenues available for the revenue bonds.

The San Francisco Bay Area is served by three major airports: Oakland, San Francisco, and San Jose. San Francisco predominates in airline passenger traffic with about 78% of the Bay Area total; Oakland has 11%. The Oakland airport offers easy access from most of the area, convenient parking, and good terminal facilities. It handles some 25% of the total Bay Area traffic with Southern California. The dominant amount of airline service at Oakland is in intra-state and Pacific corridor markets. Future growth depends in large part upon increased interstate airline service.

On June 1, 1976, Delta Air Lines inaugurated service at Oakland International Airport with two daily departures. On January 15, 1977, Hughes Airwest inaugurated non-stop service to Phoenix, Arizona, and to Mazatlan and La Paz, Mexico. Additional service to be added at Oakland in early and mid 1977 has been announced by both Delta Air Lines and United Air Lines.

The Oakland International Airport terminal has 15 gate positions and 13 boarding rooms. The automobile parking area, originally of 10 acres, has been enlarged to nearly 26 acres with more than 3,200 spaces. The 10,000 foot runway, equipped with the most modern instrumentation, is being extended to 12,500 feet.

New construction scheduled at the airport terminal is expected to produce \$600,000 annually in new net revenues within the next two years. The chief project is the provision of second-level loading.

An International Arrivals Building was opened in 1973 to provide comfortable and efficient federal inspection service for jumbo jet loads of passengers. It has the capacity to handle 400 to 500 passengers an hour with 14 customs inspection counters and baggage claim facilities for 1,000 bags an hour. The building is designed for adaptation to jet-ways or mobile lounges.

There is an air cargo center with two buildings, one of 14,300 square feet and another of 50,000 square feet. These are served by an aircraft parking ramp with space for four jet freighters. Only about 50% of the center is currently in use.

An \$11 million jet maintenance center completed in the spring of 1973 is leased by World Airways, Inc. One of the world's largest commercial hangars, it has 296,000 square feet, capable of accommodating four Boeing 747s or six DC-10s simultaneously.

General aviation is served in an area separate from that used for commercial airline operations. In addition to the 10,000-foot runway of the commercial airport, Oakland has three runways used primarily by general aviation aircraft. These have lengths of 6,210, 3,400, and 5,520 feet, the last being equipped with high intensity approach lights and an instrument landing system. In 1975, general aviation accounted for 282,004 aircraft operations out of the airport's total of 333,575. There are now 474 aircraft based at Oakland.

Last June the Board of Port Commissioners approved a program to upgrade and develop the North Field (primarily the general aviation section of the airport), which included the building of 30 new T-hangars for rental. The North Field now accounts for about 35% of the airport's total gross revenues, and 30% of its net operating income.

Eight scheduled airlines provide service between Oakland and cities throughout the United States, Canada, Mexico, Europe, the Orient, and Australia. They are:

- Air California
- American Airlines
- Hughes Airwest
- Delta Air Lines
- Pacific Southwest Airlines
- Trans World Airlines
- United Air Lines
- Western Air Lines

Two of the largest supplemental carriers are headquartered in Oakland: Trans International Airlines and World Airways.

In 1976 two third-level carriers began to serve Oakland from Northern California. They are: Eureka Aero and Yosemite Airlines.

Passenger traffic has been nearly stable at the airport for the last eight years, averaging about 2.2 million per year. Traffic in 1975, down 4%, was influenced by the general recession and by a three-week strike during the peak month of December at United Air Lines, the airport's major interstate air carrier.

OAKLAND INTERNATIONAL AIRPORT PASSENGER TRAFFIC

<i>Year Ended December 31</i>	<i>Number of Passengers</i>
1961	274,530
1962	312,884
1963	425,650
1964	491,730
1965	966,636
1966	1,209,729
1967	1,461,543
1968	1,818,502
1969	2,146,800
1970	2,055,180
1971	2,053,769
1972	2,080,793
1973	2,226,494
1974	2,295,871
1975	2,214,811
1976	2,255,698

On August 22, 1976, the San Francisco-Oakland Helicopter Airlines ceased operation. It had served primarily to carry Oakland passengers to and from flights at San Francisco International Airport.

Five hotels and motels are convenient both to the Airport and to the Coliseum complex, the center of Oakland's major sports activities.

These include the 300-room Hilton Inn and the 335-room Edgewater Hyatt House, both of which are Port tenants. Other motels in the vicinity are the Holiday Inn, Royal Inn, and Edgewater West.

The primary access to Oakland Airport is provided by the six-lane Hegenberger Road with easy connections by major freeways and the bridges of the Bay to the major population and business centers of the Bay Area.

Oakland International is served by the Bay Area Rapid Transit System, and it has also local bus service and limousine service to Oakland, Berkeley, and San Francisco.

The BART Coliseum Station, less than three miles from the Airport, is served approximately every 15 minutes to and from the Airport by A/C transit buses.

The Port of Oakland is currently studying improvement of the surface transportation between the Coliseum Station and the Airport terminal.

The Port of Oakland aggressively promotes the use of Oakland International Airport with its "Fly Oakland" campaign and direct solicitation of travel agencies and major commercial accounts.



Aerial view of the Oakland International Airport.

FINANCIAL STATEMENTS

Financial statements for the Port of Oakland, as presented by Coopers & Lybrand, Certified Public Accountants, are shown in the appendix following page 26.

Total fixed assets after depreciation were valued at \$161,173,981 as of June 30, 1976. This valuation is based on cost, except for approximately \$14,800,000 of assets shown at their 1939 appraised value. No value is assigned for lands granted by the State of California.

Statements of operating income are given in Tables 4 and 5. These show operating results of the airport, marine terminals, and properties departments, together with interest earned. *Income not pledged to the revenue bonds, and expenditures which rank in priority below bond service, have been omitted from these tables.*

The Port's gross revenues have risen in every year since 1961. For 1975/76, both gross and net revenues were again the highest on record; net operating income was \$11,947,423, covering debt service 2.12 times.

Gross revenues for 1975/76 rose over those of the previous year by 10% in the airport department, and 8% in the properties department; both at all-time highs. Marine terminal revenues were down 7%, their first annual decline in 25 years. Interest income rose 24%. Expenses rose, by only 2%, and total net income gained 9% for the year.

TABLE 4
COMPARATIVE INCOME AND EXPENSE

Year Ended June 30	Operating Revenues					Operating Expense	Net Operating Income ^①
	Airport	Marine Terminals	Properties	Interest Income	Total		
1962	\$1,195,557	\$ 587,988	\$1,368,127	\$ 153,547	\$ 3,305,219	\$ 2,173,248	1,131,971
1963	1,290,239	777,853	1,421,825	95,655	3,585,572	2,429,553	1,156,019
1964	1,559,997	802,400	1,538,387	67,572	3,968,356	2,806,076	1,162,280
1965	1,574,928	834,699	1,742,536	71,795	4,223,958	2,904,380	1,319,578
1966	2,130,499	1,052,395	1,941,187	83,544	5,207,625	3,130,870	2,076,755
1967	2,630,464	1,583,386	2,097,846	314,051	6,625,747	3,496,590	3,129,157
1968	3,270,352	1,644,585	2,348,795	666,703	7,930,435	4,373,919	3,556,516
1969	4,065,033	2,373,712	2,771,386	986,722	10,196,853	4,789,283	5,407,570
1970	4,668,931	3,000,700	3,062,015	1,461,613	12,193,259	5,656,177	6,537,082
1971	5,095,525	3,467,199	3,204,669	2,469,628	14,237,021	6,575,003	7,662,018
1972	5,384,581	4,012,638	3,358,751	1,860,269	14,616,239	5,971,514	8,644,725
1973	5,896,132	4,878,205	3,426,068	1,527,462	15,727,867	7,263,267	8,464,600
1974	6,766,783	5,582,223	3,621,549	1,907,820	17,878,375	8,590,946	9,287,429
1975	7,073,638	7,453,063	3,776,709	2,655,971	20,959,381	9,969,942	10,989,439
1976	7,750,450	6,955,656	4,095,252	3,298,260	22,099,618	10,152,195	11,947,423
1976 ^②	8,368,815	7,529,997	4,069,397	3,173,459	23,259,567 ^③	10,441,729	12,817,838

① Before depreciation.

② Year ended December 31, unaudited.

③ Including \$117,899 of other operating income, not allocated by department.

Unaudited figures for the year ended December 31, 1976, indicate that gross revenues of the Port amounted to \$23,259,567, and that net operating income, at \$12,817,838, covered the proposed maximum annual debt service (\$6,059,849 in 1981/82) 2.12 times.

Current projects are expected to produce additional revenues of some \$4,700,000 annually. About \$2,500,000 of these additional revenues are scheduled to begin to be received within the next few months, and all within the next two years.

TABLE 5
OPERATING REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 1976 AND 1975

	1975/76			1975/76 Total	1974/75 Total
	Airport	Marine Terminals	Properties		
OPERATING REVENUES					
Space rental	\$1,887,058	\$ —	\$3,917,155	\$ 5,804,213	\$ 5,517,789
Field revenue	1,008,326	—	—	1,008,326	989,722
Contract fueling revenue	803,953	—	—	803,953	648,261
Gasoline and oil sales	1,512,209	—	—	1,512,209	1,355,468
Concessions	2,068,816	—	—	2,068,816	1,889,328
Utility sales	470,088	13,749	60,866	544,703	490,916
Dockage, wharfage, etc.	—	6,941,907	—	6,941,907	7,307,782
Jack London Square parking	—	—	117,231	117,231	104,144
Interest	—	—	—	3,298,260	2,655,971
Total	\$7,750,450	\$6,955,656	\$4,095,252	\$22,099,618 ^①	\$20,959,381 ^①
OPERATING EXPENSES					
General operating expenses	\$2,664,425	\$ 572,752	\$ 516,146	\$ 3,753,323	\$ 3,511,485
Maintenance	1,119,788	748,879	621,809	2,490,476	2,584,120
Advertising and promotion	521,518	503,988	77,137	1,102,643	1,204,586
Cost of gasoline and oil sales	1,015,481	—	—	1,015,481	922,073
Administrative expenses	515,323	589,928	276,312	1,381,563	1,382,005
Cost of utility sales	341,566	12,611	54,532	408,709	365,673
Total	\$6,178,101	\$2,428,158	\$1,545,936	\$10,152,195	\$ 9,969,942
NET OPERATING INCOME	\$1,572,349	\$4,527,498	\$2,549,316	\$11,947,423 ^①	\$10,989,439 ^①

① Including interest income.

THE FINANCING OF PORT DEVELOPMENT

The facilities of the Port of Oakland on June 30, 1976 had a cost (or value as appraised in 1939) of \$192,595,654. Approximately 19% of this amount is represented by commercial and industrial property, 33% by the airport, and 48% by marine terminals. The property has a present value estimated at over \$300,000,000.

City of Oakland Bonds

The City of Oakland has issued two series of general obligation bonds to finance Port activities, \$9,784,000 of 1925 Harbor Improvement Bonds and \$10,000,000 of 1955 Airport Bonds. Proceeds of these issues were deposited with the Port and were applied to the construction of the Outer Harbor Terminal, the Grove Street Terminal, and

the Ninth Avenue Terminal, and to the development of the Oakland International Airport. All of the Harbor Improvement Bonds have now matured. There remain outstanding \$1,080,000 of the Airport Bonds. These bonds were issued as obligations of the City of Oakland, secured by the power of taxation, and are not obligations of the Port of Oakland. Since June 30, 1968, however, the Port has paid the principal and interest on the Airport Bonds; for 1976/77 this payment will amount to \$153,760. Commencing in 1976/77, the Port plans to pay the City a total of \$450,000 annually, for current principal and interest on the Airport Bonds and as a reimbursement for prior debt service by the City.

Port of Oakland Bonds

1957 Revenue Bonds

In 1957, the Port began to use revenue bonds to finance the construction of certain revenue producing facilities in the Port Area. These facilities are part of the Project, as is the entire Oakland International Airport (by resolution of the Board). These revenue bonds are secured by the pledge of gross revenues of all Project facilities, and of the net revenues of all Existing Facilities.

Upon sale of Series N, there will be outstanding \$72,185,000 of the Port's 1957 Revenue Bonds, exclusive of bonds being refunded (of Series J and M).

Special and Junior Lien Revenue Bonds

Under agreements with the Economic Development Administration, the Port has issued \$9,719,000 of bonds secured by a lien on Surplus Revenues in the

PORT OF OAKLAND 1957 REVENUE BONDS
(exclusive of bonds of Series J and M to be refunded)

Series	Principal Amount	Date of Sale	Maturity Dates August 1	Net Interest Rate	Outstanding February 23, 1977
A	\$ 3,400,000	3/20/57	1958-77	3.30%	\$ 250,000
B	1,600,000	3/23/60	1962-80	3.82	445,000
C	3,000,000	3/28/61	1964-83	3.75	1,540,000
D	4,500,000	7/25/66	1967-87	4.58	4,355,000
E	6,000,000	2/ 6/67	1968-91	3.98	5,380,000
F	7,750,000	1/22/68	1969-93	4.85	6,660,000
G	11,000,000	4/ 7/69	1971-95	6.14	9,925,000
H	6,000,000	3/25/70	1971-95	5.64	3,970,000
K	8,740,000	12/13/72	1981-95	5.11	8,740,000
L	12,500,000	2/20/74	1978-95	5.45	12,500,000
M	1,350,000	5/21/75	1976-80	7.50 ^①	1,000,000
N	17,420,000	2/23/77	1981-96		17,420,000
	\$83,260,000				\$72,185,000

^① For the total original issue of \$18,000,000.

Port Revenue Fund (after provision has been made for service of the 1957 Revenue Bonds). Proceeds of these bonds, together with EDA grants of \$14,178,300, were applied to the development of the Seventh Street Marine Terminal and of 30 acres of the Port's industrial park, and to airport construction, including the World Airways hangar. There remain outstanding \$9,117,000 of the bonds. Another series of special revenue bonds, in the amount of \$750,000, was issued in 1967 for truck terminal facilities in the Outer Harbor; these bonds are now retired.

Certificates

The Port may finance certain developments by the issuance of Certificates. Each series may be secured by a pledge of income from the lease of the facilities financed by that series. An issue of \$800,000 was sold in 1965 to finance construction of a golf course on Port property leased to the City of Oakland; \$525,000 of these bonds are now outstanding. In 1971, the Port purchased the Seatrain Lines terminal (in the Port Area) with proceeds of a \$20,000,000 Certificate issue, of which \$17,510,000 are now outstanding. This is secured by rental payments to be made by Seatrain and by American President Lines under a lease and preferential assignment agreement; it is further secured by a second lien on general Port revenues (to a maximum of \$918,036 per year) on a parity with that of the special revenue bonds. The Port's 1957 Revenue Bonds do not have a lien on rental payments pledged to the Certificates.

State Loan

The State of California Department of Navigation and Ocean Development in 1976 entered into an agreement with the Port to lend the Port \$1,000,000, to be repaid over 30 years at 4½% interest, for development of a small craft harbor. An additional loan of \$1,450,000, otherwise on the same terms, has been approved in principle by the State; and the Port has applied for an additional loan of \$800,000. The Port's 1957 Revenue Bonds do not have a lien on the revenues from the small craft harbor developed with the proceeds of these loans.

APPENDIX

**ACCOUNTANTS' REPORT
AND
FINANCIAL STATEMENTS**

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

IN PRINCIPAL AREAS
OF THE WORLD

To the Board of Port Commissioners
Port of Oakland
Oakland, California

We have examined the balance sheet of the Port of Oakland, as of June 30, 1976, and the related statements of income, changes in equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of the Port for the year ended June 30, 1975.

In our opinion, the financial statements referred to above present fairly the financial position of the Port of Oakland at June 30, 1976 and 1975, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

Oakland, California
August 20, 1976

PORT OF OAKLAND
BALANCE SHEET, June 30, 1976 and 1975

ASSETS	1976	1975	LIABILITIES AND EQUITY	1976	1975
Current assets:			Current liabilities:		
Cash on deposit with the City Treasurer (interest bearing) (Note 5)	\$ 4,775,268	\$ 4,308,296	Trade accounts payable and accrued expenses	\$ 4,712,622	\$ 3,969,699
Accounts receivable and accrued revenue, less reserve for bad debts of \$291,824 in 1976 and \$312,705 in 1975	1,358,576	1,334,964	Contract retentions payable	963,814	628,300
Accrued interest receivable	359,661	272,098	Current portion of long-term debt (Notes 2 and 3)	3,510,395	2,107,895
Amounts receivable under U. S. Government grants	284,550	1,854,737	Accrued interest payable	2,644,530	2,551,284
Deposits with fiscal agent, current portion (Note 5)	6,613,830	4,806,088	Total current liabilities	11,831,361	9,257,178
Total current assets	<u>13,391,885</u>	<u>12,576,183</u>	Other liabilities:		
Other assets:			Long-term debt, less current portion (Note 2)	108,027,000	93,623,000
Sinking fund and reserve deposits with fiscal agent, less current portion (Note 5)	8,712,149	7,037,879	Tenant deposits, deferred income and other liabilities	5,698,824	2,089,801
Restricted deposit for refunding of Series J bonds	8,163,173	8,334,973	Liability to U. S. Government (Note 3)	928,420	1,006,315
Unexpended proceeds from bonds restricted for construction purposes (Note 5)	23,608,791	17,352,350	Reserves for maintenance, reroofing and redredging	692,278	664,332
Prepaid expenses and deferred charges	3,461,962	2,485,687		<u>115,346,522</u>	<u>97,383,448</u>
Other restricted cash deposits	175,663	175,663	Contingent liabilities (Note 4).		
Receivables due after one year	318,864	104,489	Equity	91,828,585	87,588,929
	<u>44,440,602</u>	<u>35,491,041</u>		<u>\$219,006,468</u>	<u>\$194,229,555</u>
Property, plant and equipment (Note 1):					
Land	35,387,802	34,518,516			
Buildings, structures and improvements	131,197,040	124,164,251			
Container cranes	14,688,978	10,782,139			
Other equipment	2,671,931	2,188,351			
Construction in progress	8,649,903	3,104,248			
	192,595,654	174,757,505			
Less accumulated depreciation	31,421,673	28,595,174			
	<u>161,173,981</u>	<u>146,162,331</u>			
	<u>\$219,006,468</u>	<u>\$194,229,555</u>			

The accompanying notes are an integral part of the financial statements.

PORT OF OAKLAND
STATEMENT OF INCOME
for the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
Operating revenues:		
Airport	\$ 7,750,450	\$ 7,073,638
Marine terminals	8,860,444	9,364,113
Properties	4,155,252	3,836,709
	<u>20,766,146</u>	<u>20,274,460</u>
Operating expenses:		
Airport	6,178,101	5,982,796
Marine terminals	2,428,158	2,308,166
Properties	1,545,936	1,678,980
	<u>10,152,195</u>	<u>9,969,942</u>
Operating income before depreciation	<u>10,613,951</u>	<u>10,304,518</u>
Other income:		
Interest (Note 5)	3,570,143	2,655,971
Gain on sales of land and other assets	8,928	345,157
Miscellaneous	12,670	6,658
	<u>3,591,741</u>	<u>3,007,786</u>
	14,205,692	13,312,304
Other expenses:		
Marine fire protection	177,295	159,632
Other nondepartmental expenses	74,510	473,995
	<u>251,805</u>	<u>633,627</u>
Income before interest and depreciation	<u>13,953,887</u>	<u>12,678,677</u>
Interest expense	<u>6,792,385</u>	<u>5,567,309</u>
Income before depreciation	<u>7,161,502</u>	<u>7,111,368</u>
Depreciation and amortization:		
Airport	1,170,746	1,081,386
Marine terminals	1,821,158	1,533,263
Properties	537,421	551,082
	<u>3,529,325</u>	<u>3,165,731</u>
Net income	<u>\$ 3,632,177</u>	<u>\$ 3,945,637</u>

The accompanying notes are an integral
part of the financial statements.

PORT OF OAKLAND
STATEMENT OF CHANGES IN EQUITY
for the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
Equity balance, beginning of year	\$87,588,929	\$81,540,217
Additions:		
Net income for the year	3,632,177	3,945,637
Grants received from Federal Aviation Agency	549,194	2,029,084
Grants received from State of California	33,076	73,991
Other	<u>25,209</u>	<u>-</u>
Equity balance, end of year	<u>\$91,828,585</u>	<u>\$87,588,929</u>

The accompanying notes are an integral
part of the financial statements.

PORT OF OAKLAND
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
Funds provided:		
Operations:		
Net income	\$ 3,632,177	\$ 3,945,637
Charges not requiring working capital:		
Depreciation and amortization	3,529,325	3,165,731
Provision for maintenance and harbor dredging	<u>425,532</u>	<u>737,500</u>
Working capital provided from operations	7,587,034	7,848,868
Expenditures of previously restricted bond proceeds for construction projects, net	-	2,629,434
Sale of revenue bonds	18,000,000	-
Federal and state grants	582,270	2,103,075
Increase in other liabilities	3,556,337	500,805
Disposition of property, plant and equipment	<u>1,257,936</u>	<u>727,124</u>
	<u>\$30,983,577</u>	<u>\$13,809,306</u>
Funds used:		
Additions to property, plant and equipment	19,704,819	10,205,168
Increase in unexpended bond proceeds restricted for construction projects, net	6,256,441	-
Increase in restricted deposit for refunding Series J bonds and in other assets	2,787,212	543,941
Payments on revenue bonds and certificates of indebtedness	3,226,000	1,195,000
Expenditures for maintenance and harbor dredging	397,586	650,987
Port contribution to retirement of general obligation bonds to the City of Oakland	370,000	470,000
Increase (decrease) in working capital	<u>(1,758,481)</u>	<u>744,210</u>
	<u>\$30,983,577</u>	<u>\$13,809,306</u>
Increase (decrease) in working capital by component:		
Cash on deposit with the City Treasurer	466,972	1,543,225
Accounts receivable	23,612	(245,914)
Accrued interest receivable	87,563	(177,785)
Amounts receivable under U. S. Government grants	(1,570,187)	460,162
Deposits with fiscal agent, current portion	1,807,742	323,916
Trade accounts and contract retentions payable	(1,078,437)	(1,230,874)
Current portion of long-term debt	(1,402,500)	(2,895)
Accrued interest payable	<u>(93,246)</u>	<u>74,375</u>
	<u>\$(1,758,481)</u>	<u>\$ 744,210</u>

The accompanying notes are an integral part of the financial statements.

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

(a) General Basis of Accounting:

The Port of Oakland is a public enterprise established and operated by the City of Oakland through an appointed Board of Port Commissioners. The financial statements of the Port are prepared from records maintained on the accrual basis of accounting, recognizing revenue as earned and expenses as incurred. The principal revenue source of the Port is income from leased facilities, and such revenue is reported as earned under applicable lease terms.

(b) Property, Plant and Equipment:

Property, plant and equipment are carried principally at cost. The Port commences depreciation in the year subsequent to the year of acquisition. The straight-line and the declining-balance methods are used based upon the following estimated useful lives:

Buildings, structures and improvements	50 years
Container cranes	25 years
Automotive equipment	5 years
Other equipment	10 years

(c) Bond Discounts and Issuance Expenses:

Bond discounts and issuance expenses are deferred and amortized on a straight-line basis over the lives of the related bond issues.

(d) Grants from Government Agencies:

The Port records grants when entitlement to such funds has been earned under the appropriate grant terms. Grants are

Continued

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

(d) continued:

reported in the Port's financial statements as direct additions to the Port's equity account.

(e) Demolition Costs:

Demolition costs are capitalized as an addition to the cost of land if such land was acquired for the purpose of constructing new facilities.

Demolition costs which are considered a cost of improving existing property under new long-term leases, when such costs are included in the determination of future rental amounts, are capitalized as additions to the cost of buildings, structures and improvements.

2. Long-Term Debt

Long-term debt, which matures or is redeemable at a premium in varying annual amounts through the final maturity dates, consists of the following:

Continued

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS, Continued

2. Long-Term Debt, continued:

	Interest Rates	Final Maturity Dates	Original Amounts	Balance at June 30, 1976	
				Current Portion	Long-Term Portion
1957 Revenue Bonds: (a)					
Series A	3.20-3.75%	August 1, 1977	\$ 3,400,000	\$ 120,000	\$ 250,000
Series B	3.50-4.50	August 1, 1980	1,600,000	42,500	445,000
Series C	3.70-4.00	August 1, 1983	3,000,000	140,000	1,540,000
Series D	4.50-6.00	August 1, 1987	4,500,000	15,000	4,355,000
Series E	3.75-5.75	August 1, 1991	6,000,000	80,000	5,380,000
Series F	4.75-6.00	August 1, 1993	7,750,000	170,000	6,660,000
Series G	5.80-7.00	August 1, 1995	11,000,000	200,000	9,925,000
Series H	4.00-6.00	August 1, 1995	6,000,000	405,000	3,970,000
Series J	7.00	August 1, 1995	8,500,000		8,500,000
Series K (for refunding Series J)	5.00-6.50	August 1, 1995	8,740,000		8,740,000
Series L	5.00-7.00	August 1, 1995	12,500,000		12,500,000
Series M	6.20-8.00	August 1, 1995	18,000,000	350,000	17,650,000
			<u>90,990,000</u>	<u>1,522,500</u>	<u>79,915,000</u>
1966 Airport Development Revenue Bonds:					
Refunding Series A	3.750%	July 1, 2006	4,620,000		4,620,000
Series B	4.125	July 1, 2006	89,000	1,000	84,000
Series C	4.125	July 1, 2006	76,000	1,000	70,000
Series D	4.125	July 1, 2006	184,000	3,000	168,000
			<u>4,969,000</u>	<u>5,000</u>	<u>4,942,000</u>
1966 Harbor Development Revenue Bonds:					
Series A	3.75%	July 1, 2006	4,050,000	50,000	3,800,000
1966 Industrial Park Development Revenue Bonds:					
Series A	3.75%	July 1, 2003	700,000	15,000	375,000
Total revenue bonds			<u>100,709,000</u>	<u>1,592,500</u>	<u>89,032,000</u>
Certificates of indebtedness:					
1965 - Golf course (b)	3.30-5.00%	July 1, 1987	800,000	35,000	525,000
1971 - Seatrain facility (c)	6.00-8.00%	July 1, 2001	20,000,000	1,685,000	17,510,000
			<u>20,800,000</u>	<u>1,720,000</u>	<u>18,035,000</u>
General Obligation Bonds of the City of Oakland (1955 Airport Bonds) (d)	*	June 15, 1985	10,000,000	120,000	960,000
			<u>\$131,509,000</u>	<u>\$3,432,500</u>	<u>\$108,027,000</u>

*Approximately 3%

Continued

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS, Continued

2. Long-Term Debt, continued:

- (a) Under the terms of the 1957 bond indentures, certain covenants have been made by the Port, the principal one being to maintain revenues, as defined, of at least 1.5 times the sum of the required bond interest and principal maturities for the ensuing year. For the year ended June 30, 1976, the Port's revenues, as defined, were 2.11 times this debt service requirement. The amount in excess of the required amount totalled \$3,512,264.
- (b) The proceeds from the 1965 certificates of indebtedness were used for the construction of a golf course facility, which is leased to the City of Oakland over a 50-year term at a minimum annual rental of \$60,000. Principal and interest are payable exclusively from revenues derived from the lease with the City and from the operation of the golf course. A condensed statement of the financial position of this project at June 30, 1976 follows:

Assets:	
Deposits with fiscal agent	\$159,060
Unamortized certificate issuance costs	10,698
Golf course facility, at cost, less accumulated depreci- ation of \$123,480	<u>704,163</u>
	<u>\$873,921</u>
Liabilities and equity:	
Accounts payable	1,480
Accrued interest payable	9,768
Certificates of indebtedness	560,000
Equity (\$126,627 contributed by the City of Oakland)	<u>302,673</u>
	<u>\$873,921</u>

Net revenue from the leased golf course facility (included in the statement of income, page 3) for the year ended June 30, 1976, was as follows:

Rental income from City of Oakland		\$60,000
Expenses:		
Interest	\$19,535	
Depreciation	14,371	
Other	<u>973</u>	
		<u>34,879</u>
Net revenue		<u>\$25,121</u>

Continued

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS, Continued

2. Long-Term Debt, continued:

- (c) The proceeds from the sale of the 1971 certificates of indebtedness were or are to be used for the acquisition of and further improvements to the Seatrain terminal facilities ("the project") located at the Port of Oakland.

On January 6, 1976, as required by the Port resolution authorizing the issuance of the certificates, the unexpended balance of the construction fund (net of \$1,460,600 reserved for container freight station) was transferred to the fiscal agent and was used to redeem \$1,265,000 face value of the certificates on July 1, 1976 plus a premium. The project is now leased to American President Lines (APL) as primary lessee over a 30-year term, with the annual rental equal to debt service requirements (interest expense, principal payments). The rent is paid by APL and Seatrain in accordance with a November 1974 agreement. The lease and annual debt service payments are guaranteed by Seatrain Lines, Inc., parent of Seatrain Terminals of California, the original lessee of the project. Annual debt service during the remaining term of the certificates will vary between \$437,400 and \$1,768,175. Debt service on the certificates is payable exclusively from the annual rental from the lease and any other revenues that may be developed from the project, except that should a deficit develop in the deposit account maintained by the fiscal agent, the Port has agreed to deposit up to \$918,036 (reduced from \$1,000,000 because of the July 1, 1976 redemption of certificates) from Port revenues in excess of those required to service other debt issues (see paragraph (a) above). A condensed statement of the financial position of this project at June 30, 1976 (prior to the July 1 redemption) follows:

Continued

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS, Continued

2. Long-Term Debt, continued:

(c) continued:

Assets:	
Cash	\$ 1,507,684
Deposits with fiscal agent	4,462,973
Unamortized certificates of indebtedness issuance costs	928,305
Property, plant and equipment:	
Land	\$ 2,150,041
Buildings, structures and improvements	9,777,421
Container cranes	<u>2,511,128</u>
	14,438,590
Less accumulated depreciation	<u>(1,117,242)</u>
	<u>13,321,348</u>
	<u>\$20,220,310</u>
Liabilities and equity:	
Deferred credits	89,392
Accrued interest payable	742,394
Certificates of indebtedness	19,195,000
Equity	<u>193,524</u>
	<u>\$20,220,310</u>

Net revenue applicable to the 1971 certificates of indebtedness from this facility (included in the statement of income, page 3) for the year ended June 30, 1976 was as follows:

Rental income	\$1,904,788
Interest income	271,883
Expenses:	
Interest	\$1,484,788
Amortization of certificate of indebtedness issuance costs	37,132
Depreciation	<u>294,054</u>
	<u>1,815,974</u>
Net revenue	<u>\$ 360,697</u>

Continued

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS, Continued

2. Long-Term Debt, continued:

- (d) The City of Oakland has issued general obligation bonds, designated as 1955 Airport Bonds, to finance Port activities. Although these bonds are a general obligation of the City of Oakland and not of the Port, the Port has recorded the bonds as a liability and is making the annual payments of principal and interest.

During fiscal year 1976, the Port initiated a plan whereby it intends to pay to the City out of surplus revenues the amount of \$450,000 annually, commencing in fiscal year 1977. The excess of this amount over principal and interest payments due each year will serve to reimburse the City for debt service which it paid on these bonds prior to the time the Port began to make these payments. The Board of Port Commissioners must determine each year that surplus funds are available for this purpose and make an annual appropriation. It is anticipated that if the annual payments are made as contemplated, the City will be fully reimbursed for its prior payments by fiscal year 1996.

3. Liability to U.S. Government:

The major portion of this liability resulted from the purchase by the Port of facilities and improvements made by the U.S. Government to Port property formerly under lease. The balance at June 30, 1976 comprises:

4% note payable \$57,895 annually plus interest, commencing July 1, 1974	\$ 926,315
Noninterest-bearing note payable \$20,000 annually	<u>80,000</u>
	1,006,315
Less current portion	<u>(77,895)</u>
	<u>\$ 928,420</u>

4. Contingent Liabilities:

At June 30, 1976, the Port is a defendant in certain law suits which arise during the normal course of its business. In the opinion of the Port attorneys, liabilities, if any, from the ultimate disposition of such suits will not have a material effect on the Port's financial position.

Continued

PORT OF OAKLAND
NOTES TO FINANCIAL STATEMENTS, Continued

5. Interest Income:

Interest, at varying rates, is earned on virtually all current and restricted cash (all of which is deposited with the Treasurer of the City of Oakland) and on all deposits with the fiscal agent.

6. Retirement Plans:

Port employees participate in two retirement plans, the Oakland Municipal Employees' Retirement System (administered by the City of Oakland) and the Public Employees' Retirement System (administered by the State of California), which plans cover substantially all employees.

The total retirement plan charges to expense were \$870,543 and \$649,457 for the fiscal years ended June 30, 1976 and 1975, respectively. The Port's policy is to fund pension cost as accrued.

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